

SALARIES AND WAGES

The 2003-2004 Mayor's Proposed Budget includes \$836,240,040 for salaries and wages, excluding the Detroit Housing Commission (DHC), for an increase of \$435,524 (.05%) from the 2002-2003 Budget¹.

The following comparative schedule shows the amount of salaries and wages included in the 2003-2004 Mayor's Proposed Budget and the 2002-2003 Budget:

	2003-2004 Mayor's Proposed Budget	2002-2003 Budget	Increase (Decrease)
Civilians	\$ 549,198,200	\$ 560,546,964	\$ (11,348,764)
Uniform Police	209,480,899	200,015,058	9,465,841
Uniform Fire	77,560,941	75,242,494	2,318,447
Total Salaries and Wages	<u>\$ 836,240,040</u>	<u>\$ 835,804,516</u>	<u>\$ 435,524</u> (A)

(A) The \$435,524 increase in salaries and wages represents the net effect of the following: pay rate increases, pay adjustments for underpaid classifications, layoffs, and a reduction in the number of budgeted positions.

The overall effect of the increase in salaries and wages for uniform police and fire employees, and an increase in the number of budgeted uniform positions is roughly equal to the net effect of layoffs, elimination of civilian positions in the budget, after adjustment for the salary and wage increases for civilian employees.

Pay Raises and Other Salary Adjustments

The 2003-2004 Mayor's Proposed Budget includes \$28,000,000 for the increase in salaries and wages due to pay rate increases of 3% for uniform employees, 2% for civilians, and pay range adjustments for certain underpaid job classifications. The salary and wage increases are contingent upon the ratification of various collective bargaining agreements currently under review.

Layoffs

The layoff of 193 employees, including 60 employees in the Department of Public Works and 80 employees in the Recreation Department, is expected to occur in 2003-2004. The Budget Department was unable to quantify the cost savings resulting from these layoffs.

Elimination of Vacant Positions

There are fewer budgeted positions in the 2003-2004 Mayor's Proposed Budget, as compared to the 2002-2003 budget. The salary and wage appropriation reflects the elimination of 658 vacant positions in various City agencies. The elimination of budgeted positions includes 314 positions in DWSD - Water; 176 positions in DWSD - Sewerage Disposal; 85 positions in Housing, 25 positions in Finance and 58 positions from various other agencies. The Budget Department was unable to quantify the cost savings resulting from the elimination of these vacant positions.

¹As shown in the "Summary of 2003-2004 Mayor's Recommended Budget – Appropriation By Major Object", all of the budgeted expenditures (\$84,970,617) for the Detroit Housing Commission were recorded in the "Other Expenses" object code.

Number of Budgeted Positions

The following comparative schedule shows the total number of positions in the 2003-2004 Mayor's Proposed Budget and the 2002-2003 Budget.

	2003-2004 Mayor's Proposed Budget	2002-2003 Budget	Increase (Decrease)
Civilian Positions (excluding DHC)	13,538	14,305	(767)
DHC	<u>357</u>	<u>442</u>	<u>(85)</u>
Total Civilian Positions	13,895	14,747	(852)
Uniform Police	4,267	4,263	4
Uniform Fire	<u>1,428</u>	<u>1,431</u>	<u>(3)</u>
Total Uniform Positions	<u>5,695</u>	<u>5,694</u>	<u>1</u>
Total Number of Budgeted Positions	<u>19,590</u>	<u>20,441</u>	<u>(851)</u>

The decrease in the number of budgeted positions for civilians reflects the layoffs and the elimination of certain budgeted positions. The budget also includes a modest increase in the number of uniform police positions.

Average Salaries

The average amount appropriated for salaries and wages for each Civilian, Uniform Police, and Uniform Fire budgeted position in the 2003-2004 Mayor's Proposed Budget is:

<u>Civilian Personnel</u>	<u>Uniform Police</u>	<u>Uniform Fire</u>
\$40,567	\$49,093	\$54,314

These average salaries and wage amounts include various forms of compensation, such as holiday pay, shift premiums, and overtime.

**NUMBER OF EMPLOYEES BY DEPARTMENT
COMPARATIVE SUMMARY OF BUDGETED POSITIONS
2003-2004 MAYOR'S BUDGET / 2002-2003 BUDGET**

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AGENCY	2003-2004 Mayor's Budget		2002-2003 Budget		Actual as of 4/2003	
	Number	% of Total	Number	% of Total	Number	% of Total
EXECUTIVE AGENCIES:						
11 Arts	-	0.00%	-	0.00%	-	0.00%
12 Budget	31	0.16	32	0.16	33	0.18
14 Cultural Affairs and Tourism (A)	118	0.60	-	0.00	-	0.00
14 Civic Center (A)	-	0.00	96	0.47	86	0.46
15 Communications and Creative Services	19	0.10	20	0.10	18	0.10
16 Consumer Affairs (B)	-	0.00	25	0.12	19	0.10
17 Cultural Affairs (A)	-	0.00	5	0.01	5	0.03
19 Department of Public Works	1,314	6.71	1,361	6.66	1,313	7.10
21 Employment and Training	95	0.48	97	0.47	84	0.45
22 Environmental Affairs	34	0.17	37	0.18	28	0.15
23 Finance	529	2.70	554	2.71	528	2.85
24 Fire	1,913	9.77	1,900	9.30	1,802	9.74
25 Health	653	3.33	646	3.16	590	3.19
26 Historical	38	0.19	45	0.22	42	0.23
28 Human Resources	392	2.00	409	2.00	393	2.12
29 Human Rights	26	0.13	30	0.15	22	0.12
30 Human Services	171	0.87	176	0.86	152	0.82
31 Information Technology Services	154	0.79	165	0.81	130	0.70
32 Law	219	1.12	217	1.06	196	1.06
33 Mayor's Office	101	0.52	101	0.49	99	0.54
36 Planning and Development	279	1.42	290	1.42	258	1.39
37 Police	4,919	25.11	4,911	24.03	4,496	24.30
38 Public Lighting	298	1.52	312	1.53	293	1.58
39 Recreation	663	3.38	818	4.00	1,032	5.58
40 Senior Citizens	14	0.07	11	0.05	10	0.05
44 Zoological Institute	186	0.95	177	0.87	150	0.81
45 Department of Administrative Hearings (C)	6	0.04	-	0.00	-	0.00
TOTAL EXECUTIVE AGENCIES	12,172	62.13%	12,435	60.83%	11,779	63.67%
LEGISLATIVE AGENCIES:						
50 Auditor General	24	0.12%	26	0.13%	21	0.11%
51 Zoning	15	0.08	17	0.08	15	0.08
52 City Council	101	0.51	106	0.52	95	0.51
53 Ombudsperson	11	0.06	11	0.05	11	0.06
70 City Clerk	29	0.15	30	0.15	28	0.15
71 Department of Elections	101	0.51	109	0.53	102	0.55
TOTAL LEGISLATIVE AGENCIES	281	1.43%	299	1.46%	272	1.47%
JUDICIAL AGENCY:						
60 36th District Court	508	2.59%	508	2.49%	498	2.69%
OTHER AGENCY:						
35 Non-Departmental	51	0.27%	38	0.19%	31	0.17%
TOTAL GENERAL CITY AGENCIES	13,012	66.42%	13,280	64.97%	12,580	68.00%

**NUMBER OF EMPLOYEES BY DEPARTMENT
COMPARATIVE SUMMARY OF BUDGETED POSITIONS
2003-2004 MAYOR'S BUDGET / 2002-2003 BUDGET**

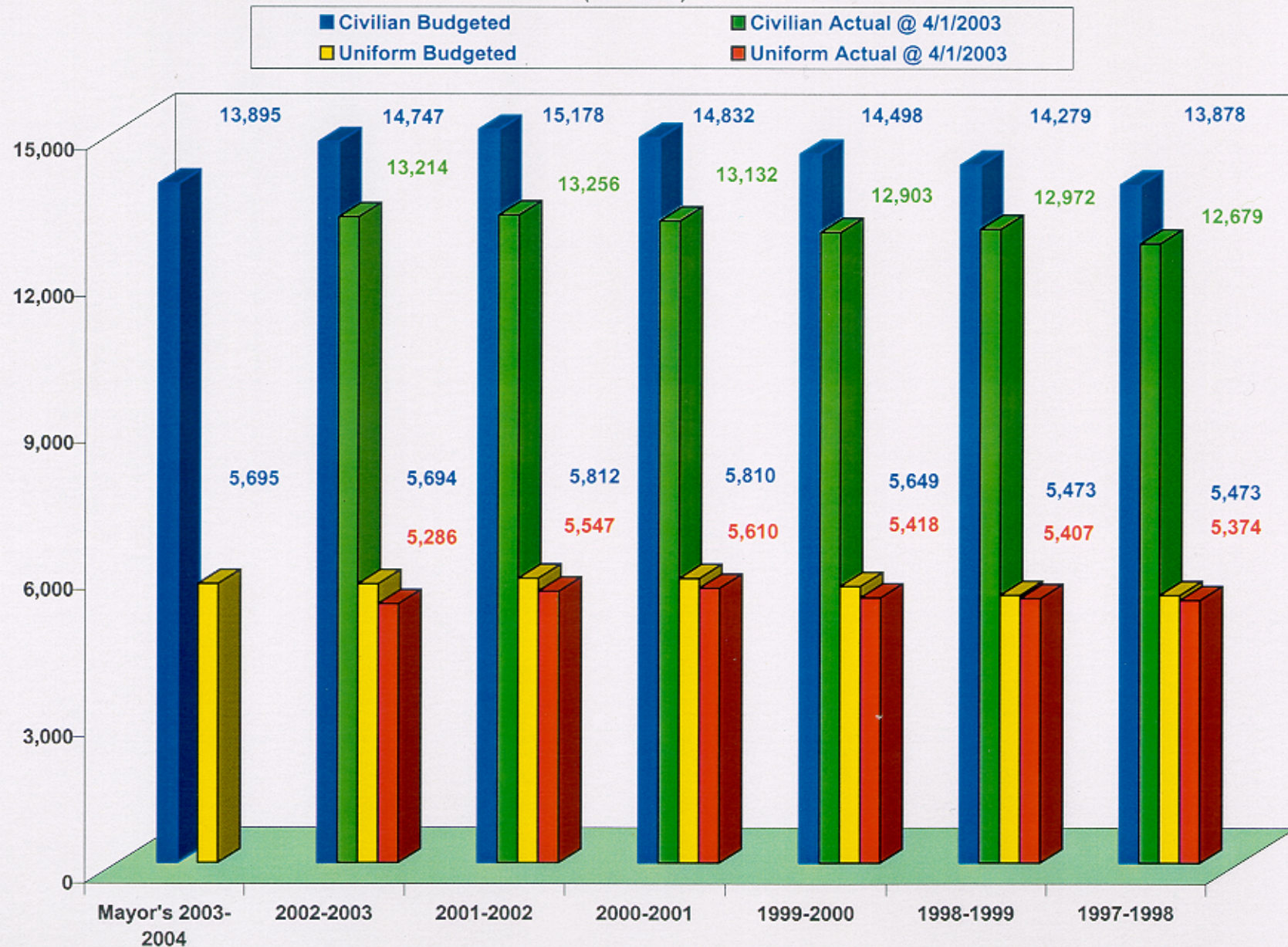
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AGENCY	2003-2004 Mayor's Budget		2002-2003 Budget		Actual as of 4/2003	
	Number	% of Total	Number	% of Total	Number	% of Total
ENTERPRISE AGENCIES:						
(TAX SUPPORTED)						
10 Airport	23	0.12%	24	0.12%	23	0.12%
13 Buildings and Safety Engineering	356	1.82	361	1.77	318	1.72
20 Transportation	1,838	9.38	1,838	8.99	1,803	9.75
72 Library	476	2.43	475	2.32	458	2.48
TOTAL TAX SUPPORTED ENTERPRISE AGENCIES	2,693	13.75%	2,698	13.20%	2,602	14.06%
TOTAL TAX SUPPORTED AGENCIES	15,705	80.17%	15,978	78.17%	15,182	82.06%
ENTERPRISE AGENCIES:						
(NONTAX SUPPORTED)						
27 Housing	357	1.82%	442	2.16%	246	1.33%
34 Municipal Parking	130	0.67	133	0.65	119	0.64
41 D.W.S.D. - Water Supply	2,097	10.70	2,411	11.79	1,854	10.02
42 D.W.S.D. - Sewage Disposal	1,301	6.64	1,477	7.23	1,099	5.94
TOTAL NONTAX SUPPORTED ENTERPRISE AGENCIES	3,885	19.83%	4,463	21.83%	3,318	17.94%
GRAND TOTAL - ALL AGENCIES	19,590	100.00%	20,441	100.00%	18,500	100.00%

- (A) The Civic Center and Cultural Affairs Departments are merged in the new Cultural Affairs and Tourism Department in the 2003-04 Mayor's Proposed Budget.
- (B) The Consumer Affairs Department is eliminated in the 2003-2004 Mayor's Proposed Budget, and its functions are transferred to other agencies.
- (C) The Department of Administrative Hearings is a new agency for 2003-2004.

COMPARISON OF BUDGETED TO ACTUAL POSITIONS

(All Funds)



PENSIONS & FRINGE BENEFITS

The 2003-2004 Mayor's Proposed Budget includes \$514.7 million for employee benefits including \$181.3 million for employee pensions and \$333.4 million for fringe benefits. Employee benefits have increased \$127.8 million or 33% from the 2002-2003 budgeted amount of \$386.9 million. This is due mainly to increased pension and hospitalization costs, which are explained below.

Pensions

The City's budgeted appropriations for pension costs are normally based on contribution rates computed by actuaries for the General Retirement System (GRS) and the Policemen and Firemen Retirement System (PFRS). The contribution rates are applied to the appropriate budgeted salary amounts to determine the budgeted amount of the City's contributions for employees' pensions. A level percent-of-payroll contribution requires that the City's contribution rate provide for the employer normal cost amount plus amortization of the unfunded actuarial accrued liability (the difference between the actuarial accrued liability and current assets). Employer normal cost is defined as the value of retirement benefits likely to be paid for employee services being rendered in the current year.

The following schedule is a comparison of the 2003-2004 Mayor's Proposed Budget to the 2002-2003 Budget for appropriations that cover the costs of employees' pensions.

<u>Employee Category</u>	<u>In Millions</u>		
	<u>2003-2004 Mayor's Budget</u>	<u>2002-2003 Budget</u>	<u>Increase (Decrease)</u>
GRS Employees	\$ 108.3	\$ 83.3	\$ 25.0
PFRS Employees	<u>73.0</u>	<u>.5</u>	<u>72.5</u>
Total	<u>\$ 181.3</u>	<u>\$ 83.8</u>	<u>\$ 97.5</u>

The \$25.0 million GRS pension contribution increase in 2003-2004 is due in part to an increase in the unfunded actuarial accrued liability rate tied to the market value losses of GRS assets in 2001-2002. The 2003-2004 Mayor's Proposed Budget includes GRS pension costs based on separate contribution rates determined by the actuaries for various City funds, such as the General Fund and each Enterprise Fund. The rates used to compute the pension contribution for the Mayor's 2003-2004 budget are in line with the rates recommended by the actuary. For example, a contribution rate of 20.43% was used, as recommended by the actuary, for the General Fund.

The \$72.5 million PFRS pension contribution increase in 2003-2004 is due to the decrease in market value of PFRS assets in 2001-2002, and essentially no City contribution was made in 2002-2003. The 2003-2004 Mayor's Proposed Budget for the PFRS pension appropriation is based on a normal cost contribution rate of 27.68% of the base salary of Policemen and Fire Fighters which differs from the percentage recommended by the actuary of 23.78%. The actuarial rate incorporates the over funded status. As no contribution was made in 2002-2003, the higher rate is necessary to ensure an appropriate fund balance for fiscal year 2003-2004.

During the 2000-2001 fiscal year, the City, representatives of the four police and fire unions and the retirees of the PFRS negotiated an agreement by which a portion of the excess funding of the System was distributed among the City, active employees, and the retirees. The PFRS had excess funding for 1998-1999 through 2001-2002 as detailed below.

<u>Year Ended June 30</u>	<u>PFRS Excess Funding Amount (Millions)</u>
1999	\$ 394.3
2000	622.1
2001	436.8
2002	111.7
2003	N/A

The following schedule shows the actual annual City contributions to the GRS and to the PFRS for the past eight years through June 30, 2002.

<u>Schedule of Employer Contributions (In Millions)</u>		
<u>Year Ended June 30</u>	<u>GRS</u>	<u>PFRS</u>
1995	\$ 36.5	\$ 57.3
1996	42.5	55.0
1997	54.7	54.5
1998	52.7	48.1
1999	55.7	15.7
2000	66.7	20.0
2001	68.1	14.4
2002	67.8	8.4

As shown by the preceding schedule, the annual contributions made by the City to the GRS have increased from \$36.5 million in 1995 to \$67.8 million in 2002. This \$31.3 million increase is primarily due to an increase in covered payroll from 1995 to 2002, and increases in the contribution rates resulting, in part, from improvements in retirement benefits over the years.

The 64th Annual Actuarial Valuation, as of June 30, 2002, indicated that the GRS is in an under funded actuarial condition (84.3% funded ratio) according to the principle of level percent-of-payroll financing. The impact of the system being under funded requires that the City's contributions be increased to fund 100% of the GRS. Of the 20.43% Computed Employer Contribution Rate for fiscal year 2003-2004, 10.97% is due to amortization of the unfunded actuarial liability.

As shown by the preceding schedule, the annual contributions made by the City to the PFRS have decreased from \$57.3 million in 1995 to \$8.4 million in 2002. This decrease is primarily due to the over funded status (i.e., funded ratio greater than 100%) of the PFRS since 1997, resulting in reduced required contributions by the City.

The 61st Annual Actuarial Valuation, as of June 30, 2002, indicated that the PFRS is over funded by \$111.7 million (103.2% funded ratio). The City made minimal contributions in the 2002-2003 fiscal year, thereby requiring a 27.68% contribution rate for fiscal year 2003-2004 to maintain a 100% funding level.

Fringe Benefits Other Than Pensions

The fringe benefits, discussed in the following paragraphs, do not include pensions.

The City provides both nonnegotiable (those regulated by either Federal or State law) and negotiable fringe benefits to civilian and uniform employees, as well as to retired employees.

The 2003-2004 Mayor's Proposed Budget includes \$333.4 million for fringe benefits (excluding pensions), which is a \$30.3 million increase from the \$303.1 million included in the 2002-2003 Budget. This increase is primarily caused by a \$32.8 million increase in hospitalization appropriations and a \$2.0 million increase in retirement sick leave. These increases are offset by decreases in the legally required fringe benefits. Schedule A compares the Mayor's 2003-2004 Proposed Fringe Benefits to the fringe benefits adopted for fiscal year 2002-2003 by fringe benefit type.

The following paragraphs provide the results of our analysis for major employee fringe benefits, other than pensions.

Hospitalization

The budgeted expenditures for hospitalization increased 15.9% from 2002-2003. A total of \$239.3 million (\$123.8 million for active employees and \$115.5 million for retirees) is budgeted for 2003-2004 compared to \$206.4 million (\$103 million for active employees and \$103.4 million for retirees) in the 2002-2003 Budget.

The 15.9% increase in hospitalization appropriations is nearly double the 8.1% increase between the 2002-2003 Budget and the 2001-2002 Budget. The increase in hospitalization appropriations are due primarily to rising health care costs. In addition, the rates for the Blue Cross Blue Shield Insured Program, which is a self-insured program of the City, will increase significantly in fiscal year 2003-2004 because City of Detroit expenditures for the program were understated in the past. According to a representative of the Employee Benefits Board, the 2003-2004 hospitalization appropriations are based on an assumption that \$15.9 million will be funded from the City's reserve for the Blue Cross Blue Shield Insured Program. However, the Board recently approved only \$6 million in funding from the reserve. Therefore, hospitalization costs may be greater than the appropriations in the 2003-2004 Mayor's Proposed Budget.

Total hospitalization appropriations have increased \$85.5 million, of which \$65.9 million impacted the General Fund between 1998-1999 and 2003-2004. This is a 55.7% increase over a five-year period, and is approximately 60% of the increase in revenues from the wagering tax.

Social Security (FICA)

The 2003-2004 Mayor's Proposed Budget includes a decrease of \$1.5 million for social security taxes, which total \$45.9 million compared to \$47.4 million in the 2002-2003 Budget. This decrease results from the decrease in the number of budgeted positions.

Workers' Compensation

The 2003-2004 Mayor's Proposed Budget of \$22.6 million includes a decrease of \$2.1 million or (8.5%) from the \$24.7 million in the 2002-2003 Budget. Workers' Compensation expenditures paid by the Risk Management Fund for General Fund agencies and DDOT totaled \$17.9 million in fiscal year 2001-2002, down \$3.5 million from the \$21.4 million in fiscal year 2000-2001. If this trend continues, the \$22.6 million budgeted for 2003-2004 appears reasonable.

Retirement Sick Leave

The 2003-2004 Mayor's Proposed Budget includes \$6.8 million for retirement sick leave as compared to the \$4.8 million included in the 2002-2003 Budget. This is a 41.6% increase. In the 2002-2003 Budget it was assumed there would be a drop in the amount of retirement sick leave because of an additional pension option which would allow employees to choose to include 25.0% of the amount of their unused sick leave (retirement sick leave) to compute the final average compensation that their pension will be based on. The Budget Department expected this option to have a major impact, and reduced the amount of retirement sick leave budgeted. However, based on the actual amounts experienced in the 2002-2003 fiscal year, the expected reductions were not achieved. The budgeted amount for retirement sick leave was raised back up to near 2001-2002 levels for fiscal year 2003-2004.

General City Employees

City (General Fund and Grant Fund) employee fringe benefits were analyzed separately due to their significant impact on the City's overall expenditures. Enterprise agencies were not included in this analysis. Schedule B compares the Mayor's 2003-2004 proposed fringe benefits for both civilian and uniform employees to the 2002-2003 adopted budget fringe benefits. Schedule C shows the same comparison on a per budgeted employee basis.

Fringe benefits for General City employees account for \$255.4 million of the total \$333.4 million budgeted for employee benefits (excluding pensions). Of this \$255.4 million, \$116.1 million is for General City civilian fringe benefits and \$139.3 million is for Police and Fire employee fringe benefits. This is a \$24.9 million increase over the \$230.5 million budgeted for 2002-2003 General City fringe benefits.

The \$6.8 million increase for General City civilian fringe benefits over the \$109.3 million in 2002-2003 is primarily due to increases in hospitalization and retirement sick leave. Social security and unemployment appropriations decreased because of the reduction in the number of budgeted positions and layoffs.

The \$18.0 million increase for Police and Fire employees' fringe benefits over the \$121.3 million in 2002-2003 is due primarily to a \$6.1 million increase in hospitalization appropriations for active employees and an \$8.4 million increase in hospitalization appropriations for retirees. The legally required fringe benefits do not decrease for Police and Fire employees because there is no reduction in positions.

Overall Comment

Salaries and wages increased \$0.4 million from \$835.8 million in the 2002-2003 Budget to \$836.2 million in the Mayor's 2003-2004 Proposed Budget, while employee benefits increased \$127.8 million or 33.0% from \$386.9 million in the 2002-2003 Budget to \$514.7 million in the 2003-2004 Mayor's 2003-2004 Proposed Budget.

The total amounts appropriated for salaries and wages increased due to a 2% increase in salaries and wages for civilian employees and a 3% increase for Police and Fire employees. This increase was offset by the reduction in budget positions and employee layoffs. The \$128.2 million increase in the City's appropriations for employee wages and benefits is due to increases in hospitalization and pension appropriations for all employees.

**EMPLOYEE BENEFITS COST SCHEDULE
FRINGE BENEFITS AND PENSION
CIVILIAN AND UNIFORM EMPLOYEES AND ASSOCIATED RETIREES
OF THE CITY OF DETROIT**

BENEFIT CATEGORY	Budgeted Employee Benefits			
	Mayor's Proposed 2003-2004	Redbook 2002-2003	Increase/ (Decrease)	% Increase/ (% Decrease)
Pensions	\$ 181,289,374	\$ 83,816,351	\$ 97,473,023	116.29%
<u>Nonnegotiable Fringe Benefits:</u> (Legally Required)				
Social Security (FICA)	\$ 45,885,605	\$ 47,445,745	\$ (1,560,140)	(3.29)%
Unemployment Compensation	1,068,901	1,165,884	(96,983)	(8.32)%
Workers' Compensation	22,616,013	24,723,064	(2,107,051)	(8.52)%
Total Legally Required Fringe Benefits	\$ 69,570,519	\$ 73,334,693	\$ (3,764,174)	(5.13)%
<u>Negotiable Fringe Benefits:</u>				
Hospitalization:				
For Employees	\$ 123,763,623	\$ 103,037,686	\$ 20,725,937	20.11%
For Retirees	115,490,311	103,393,158	12,097,153	11.70%
Dental:				
For Employees	4,970,487	5,310,442	(339,955)	(6.40)%
For Retirees	5,755,156	5,578,743	176,413	3.16%
Eye Care:				
For Employees	2,498,481	2,404,450	94,031	3.91%
For Retirees	1,427,587	1,287,964	139,623	10.84%
Disability Medical	1,525,586	1,614,503	(88,917)	(5.51)%
Longevity	10,011,715	8,825,243	1,186,472	13.44%
Death Benefit	-	-	-	0.00%
Group Life Insurance	1,473,574	1,452,092	21,482	1.48%
Retirement Sick Leave	6,808,102	4,809,543	1,998,559	41.55%
Income Protection	2,110,162	2,169,289	(59,127)	(2.73)%
Employee Bonus	-	1,318	(1,318)	(100.00)%
Miscellaneous	3,943,367	3,429,568	513,799	14.98%
Fringe Clearing Account	(15,944,722)	(13,571,040)	(2,373,682)	17.49%
Total Negotiable Fringe Benefits	\$ 263,833,429	\$ 229,742,959	\$ 34,090,470	14.84%
Total Fringe Benefit Costs Excluding Pensions	\$ 333,403,948	\$ 303,077,652	\$ 30,326,296	10.01%
Total Fringes and Pension	\$ 514,693,322	\$ 386,894,003	\$ 127,799,319	33.03%

BUDGETED FRINGE BENEFIT COST SCHEDULE
(Excluding Pensions)
CIVILIAN AND UNIFORM EMPLOYEES AND ASSOCIATED RETIREES
OF THE GENERAL AND GRANT FUNDS

<u>BENEFIT CATEGORY</u>	<u>Budgeted Fringe Benefit Amounts For Civilian Employees (A)</u>		<u>Budgeted Fringe Benefit Amounts For Uniform Employees</u>	
	<u>2003-2004</u>	<u>2002-2003</u>	<u>2003-2004</u>	<u>2002-2003</u>
<u>Nonnegotiable Fringe Benefits:</u> (Legally Required)				
Social Security (FICA)	\$ 24,228,795	\$ 24,777,638	\$ 1,409,437	\$ 1,348,581
Unemployment Compensation	987,592	1,065,110	-	-
Workers' Compensation	11,050,290	11,949,765	-	-
Total Legally Required Fringe Benefits	<u>\$ 36,266,677</u>	<u>\$ 37,792,513</u>	<u>\$ 1,409,437</u>	<u>\$ 1,348,581</u>
<u>Negotiable Fringe Benefits:</u>				
Hospitalization:				
For Employees	\$ 40,554,888	\$ 33,582,745	\$ 48,483,753	\$ 42,414,397
For Retirees	28,521,161	26,788,301	68,145,672	59,753,701
Dental:				
For Employees	1,750,549	2,271,956	1,655,718	1,186,223
For Retirees	1,626,354	2,216,965	3,111,486	2,248,629
Eye Care:				
For Employees	475,915	180,234	739,249	932,350
For Retirees	648,918	312,994	1,223,057	1,472,371
Disability Medical	-	-	1,525,586	1,614,503
Longevity	2,148,250	2,048,576	6,169,265	5,221,398
Death Benefit	-	-	-	-
Group Life Insurance	550,206	588,304	702,987	668,627
Retirement Sick Leave	2,337,210	1,411,712	3,588,646	2,527,278
Income Protection (B)	1,297,340	1,506,829	-	-
Employee Bonus	-	1,318	-	-
Miscellaneous	(89,670)	581,056	2,553,356	1,876,349
Total Negotiable Fringe Benefits	<u>\$ 79,821,121</u>	<u>\$ 71,490,990</u>	<u>\$ 137,898,775</u>	<u>\$ 119,915,826</u>
Total Fringe Benefit Costs Excluding Pensions	<u>\$ 116,087,798</u>	<u>\$ 109,283,503</u>	<u>\$ 139,308,212</u>	<u>\$ 121,264,407</u>

(A) - Includes civilian employees of the General and Grant Funds.

(B) - Income Protection does not apply to Uniform Police and Fire employees.

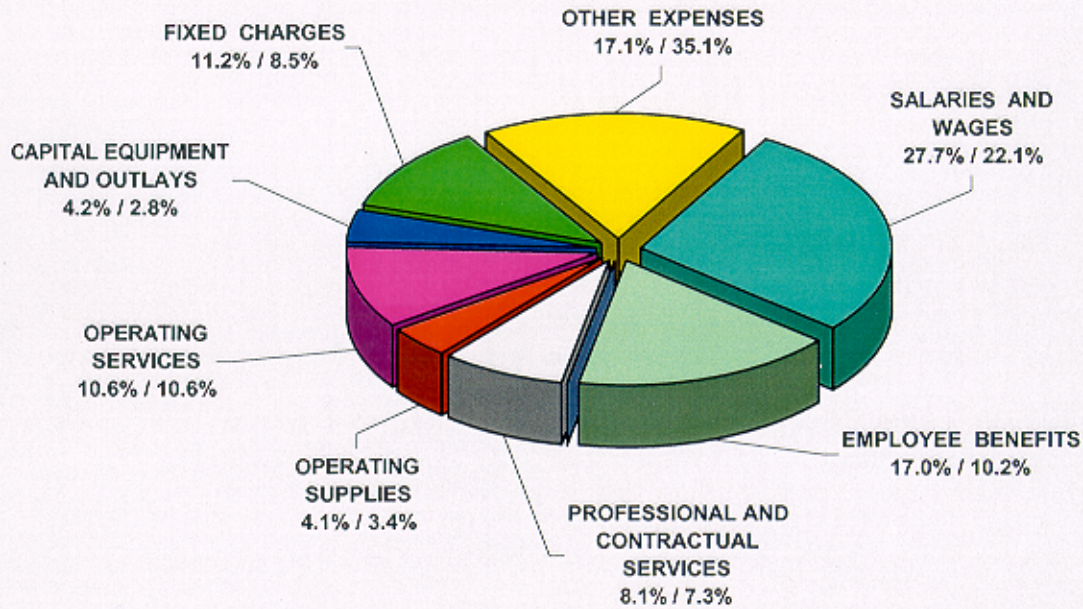
**BUDGETED AMOUNT PER BUDGETED POSITION
OF THE GENERAL AND GRANT FUNDS
(Excluding Pensions)**

BENEFIT CATEGORY	Civilian (A)		Police-Uniform		Fire-Uniform	
	2003-2004	2002-2003	2003-2004	2002-2003	2003-2004	2002-2003
Non-Actuarial Pensions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Nonnegotiable Fringe Benefits:</u> (Legally Required)						
Social Security (FICA)	\$ 3,289.27	\$ 3,249.10	\$ 220.40	\$ 210.03	\$ 328.43	\$ 316.70
Unemployment Compensation	134.07	139.67	-	-	-	-
Workers' Compensation	1,500.18	1,566.98	-	-	-	-
Total Legally Required Fringe Benefits	\$ 4,923.52	\$ 4,955.75	\$ 220.40	\$ 210.03	\$ 328.43	\$ 316.70
<u>Negotiable Fringe Benefits:</u>						
Hospitalization:						
For Employees	\$ 5,505.69	\$ 4,403.72	\$ 8,250.34	\$ 7,385.03	\$ 9,299.41	\$ 7,639.43
For Retirees	3,872.00	3,512.76	12,351.65	10,919.00	10,813.15	9,228.53
Dental:						
For Employees	237.65	297.92	282.32	237.83	315.86	120.46
For Retirees	220.79	290.71	550.48	464.00	534.02	189.09
Eye Care:						
For Employees	64.61	23.63	125.31	111.27	143.23	320.06
For Retirees	88.10	41.04	214.95	198.22	214.18	438.41
Disability Medical	-	-	261.20	279.28	287.86	296.25
Longevity	291.64	268.63	997.49	816.43	1,339.60	1,216.61
Death Benefit	-	-	-	-	-	-
Group Life Insurance	74.70	77.14	129.38	127.69	105.69	86.84
Retirement Sick Leave	317.30	185.12	561.79	423.57	834.40	504.26
Income Protection (B)	176.13	197.59	-	-	-	-
Employee Bonus	-	0.17	-	-	-	-
Miscellaneous	(12.17)	76.19	15.64	17.36	1,741.33	1,259.50
Total Negotiable Fringe Benefits	\$ 10,836.44	\$ 9,374.62	\$ 23,740.55	\$ 20,979.68	\$ 25,628.73	\$ 21,299.44
Total Fringe Benefit Costs Per Budgeted Position (Excluding Pensions)	\$ 15,759.96	\$ 14,330.37	\$ 23,960.95	\$ 21,189.71	\$ 25,957.16	\$ 21,616.14

(A) - Includes civilian employees of the General and Grant Funds.

(B) - Income Protection does not apply to Uniform Police and Fire employees.

**APPROPRIATIONS BY MAJOR OBJECT
2003-2004 MAYOR'S BUDGET / 2002-2003 BUDGET**



MAJOR OBJECT	2003-2004 MAYOR'S BUDGET	2002-2003 BUDGET	INCREASE (DECREASE)	PERCENT CHANGE
SALARIES AND WAGES	\$ 836,240,040	\$ 835,804,516	\$ 435,524	0.05 %
EMPLOYEE BENEFITS	514,693,322	386,894,003	127,799,319	33.03
PROFESSIONAL AND CONTRACTUAL SERVICES	246,239,341	278,093,497	(31,854,156)	(11.45)
OPERATING SUPPLIES	123,258,495	126,838,861	(3,580,366)	(2.82)
OPERATING SERVICES	321,977,708	400,713,482	(78,735,774)	(19.65)
CAPITAL EQUIPMENT	125,988,351	106,462,659	19,525,692	18.34
FIXED CHARGES	338,666,536	320,034,925	18,631,611	5.82
OTHER EXPENSES	516,889,512	1,327,755,112	(810,865,600)	(61.07)
TOTAL	\$ 3,023,953,305	(A) \$ 3,782,597,055	\$ (758,643,750)	(20.06) %

(A) The amount does not include appropriations financed with the proceeds from the \$83 million restructuring of debt.

APPROPRIATIONS BY AGENCY
2003-2004 MAYOR'S BUDGET / 2002-2003 BUDGET

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AGENCY	2003-2004 Mayor's Budget		2002-2003 Budget	
	Amount	Percent of Total	Amount	Percent of Total
GENERAL CITY AGENCIES:				
EXECUTIVE AGENCIES:				
11 Arts	\$ 642,975	0.02%	\$ 712,975	0.02%
12 Budget	3,312,519	0.12	2,982,363	0.08
14 Department of Cultural Affairs and Tourism (A)	30,551,072	1.02	-	0.00
14 Civic Center (A)	-	0.00	25,238,977	0.66
15 Communications and Creative Services	2,164,131	0.07	2,303,559	0.06
16 Consumer Affairs (B)	-	0.00	1,820,003	0.05
17 Cultural Affairs (A)	-	0.00	1,137,440	0.03
19 Department of Public Works	201,004,945	6.65	210,306,551	5.56
21 Employment and Training	82,979,071	2.74	87,827,854	2.32
22 Environmental Affairs	2,710,571	0.09	2,785,912	0.07
23 Finance	46,477,964	1.54	45,110,030	1.19
24 Fire	184,858,265	6.11	156,797,204	4.15
25 Health	99,902,959	3.30	99,629,036	2.63
26 Historical	3,406,391	0.12	5,504,007	0.15
28 Human Resources	29,799,976	0.99	28,607,281	0.76
29 Human Rights	2,267,722	0.07	2,167,320	0.05
30 Human Services	73,281,541	2.42	70,955,716	1.88
31 Information Technology Services	35,304,945	1.17	39,847,742	1.05
32 Law	27,762,416	0.92	29,335,625	0.78
33 Mayor's Office	10,670,474	0.35	10,599,635	0.28
36 Planning and Development	64,853,967	2.14	79,070,021	2.09
37 Police	438,304,047	14.49	366,582,859	9.69
38 Public Lighting	72,533,321	2.40	71,384,095	1.89
39 Recreation	54,829,479	1.81	61,150,464	1.62
40 Senior Citizens	2,538,748	0.08	2,170,573	0.06
44 Zoological Institute	16,324,132	0.54	16,048,420	0.42
45 Department of Administrative Hearings (C)	2,726,236	0.09	-	0.00
TOTAL EXECUTIVE AGENCIES	\$ 1,489,207,867	49.25%	\$ 1,420,075,662	37.54%
LEGISLATIVE AGENCIES:				
50 Auditor General	\$ 3,060,648	0.10%	\$ 3,106,533	0.08%
51 Board of Zoning Appeals	939,276	0.03	969,438	0.03
52 City Council	13,333,395	0.44	16,586,423	0.44
53 Ombudsperson	1,547,288	0.05	1,320,493	0.03
70 City Clerk	3,535,791	0.12	4,433,695	0.12
71 Department of Elections	8,845,023	0.29	10,528,643	0.28
TOTAL LEGISLATIVE AGENCIES	\$ 31,261,421	1.03%	\$ 36,945,225	0.98%

**APPROPRIATIONS BY AGENCY
2003-2004 MAYOR'S BUDGET / 2002-2003 BUDGET**

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AGENCY	2003-2004 Mayor's Budget		2002-2003 Budget	
	Amount	Percent of Total	Amount	Percent of Total
JUDICIAL AGENCY:				
60 36th District Court	\$ 47,466,997	1.57%	\$ 49,887,447	1.32%
OTHER AGENCIES:				
35 Non-Departmental	228,705,011	7.56	309,058,341	8.17
TOTAL GENERAL CITY AGENCIES	\$ 1,796,641,296	59.41%	\$ 1,815,966,675	48.01%
18 Debt Service	\$ 68,376,138	2.26%	\$ 64,153,936	1.70%
ENTERPRISE FUNDS: (TAX SUPPORTED)				
10 Airport	\$ 4,379,837	0.14%	\$ 4,183,933	0.11%
13 Buildings and Safety Engineering	38,655,131	1.28	36,792,242	0.97
20 Department of Transportation	169,512,014	5.61	183,665,129	4.86
72 Library	38,140,465	1.26	38,164,419	1.00
TOTAL TAX SUPPORTED ENTERPRISE FUNDS	\$ 250,687,447	8.29%	\$ 262,805,723	6.94%
TOTAL TAX SUPPORTED FUNDS	\$ 2,115,704,881	69.96%	\$ 2,142,926,334	56.65%
ENTERPRISE AGENCIES: (NONTAX SUPPORTED)				
27 Housing	\$ 84,970,617	2.81	\$ 78,000,000	2.06
34 Municipal Parking	49,463,808	1.64	47,040,661	1.25
41 D.W.S.D. - Water	289,595,200	9.58	636,314,098	16.82
42 D.W.S.D. - Sewerage	484,218,799	16.01	878,315,962	23.22
TOTAL NONTAX SUPPORTED ENTERPRISE AGENCIES	\$ 908,248,424	30.04%	\$ 1,639,670,721	43.35%
GRAND TOTAL - ALL AGENCIES	\$ 3,023,953,305 (D)	100.00%	\$ 3,782,597,055	100.00%

(A) The Civic Center and Cultural Affairs Departments are merged in the new Department of Cultural Affairs and Tourism in the 2003-2004 Mayor's Proposed Budget. The agency number was not changed

(B) The Consumer Affairs Department was eliminated in the 2003-2004 Mayor's Proposed Budget, and its functions were transferred to other agencies.

(C) The Department of Administrative Hearings is a new agency for 2003-2004.

(D) The amount does not include the one-time financing with General Obligation Bonds for risk management payments and debt restructuring. In addition, this amount does not include \$1.77 million in General Obligation Bonds for Appropriated/Unsold projects.

SUMMARY OF EMPLOYEE TURNOVER SAVINGS
2003-2004 MAYOR'S RECOMMENDATION

Employee turnover savings is the dollar estimate of the savings in appropriations resulting from positions included in the budget that may not require funding during some period of the fiscal year.

The Budget Department's estimate of employee turnover savings represents appropriation amounts not included in the 2003-2004 Mayor's Proposed Budget, even though the positions to which the savings relate remain in the budget. For example, an unfilled budgeted position, resulting from the retirement of an employee, generates turnover savings until the position is filled.

The total estimated employee turnover savings projected for fiscal year 2003-2004 is \$27.2 million. This estimate represents a \$6.0 million (or 28.3%) increase, from the 2002-2003 Budget of \$21.2 million. Salaries and wages, fringe benefits, and most employer pension contributions are the costs included in the calculation, while overtime and longevity are excluded.

The table below lists the estimated employee turnover savings by agency.

No.	AGENCY	2003-2004 Mayor's Recommendation
13	Building & Safety	\$ 698,962
20	Department of Transportation	3,867,534
22	Environmental Affairs	141,188
23	Finance	831,279
24	Fire Department	2,865,050
25	Health Department	1,825,853
28	Human Resources	880,513
30	Human Services Department	80,913
31	Informational Technology Services	248,085
32	Law	233,888
36	Planning & Development	315,734
37	Police	14,564,216
38	Public Lighting Department	441,919
44	Zoo	125,945
51	Board of Zoning Appeals	67,114
	Total Estimated Employee Turnover Savings	<u>\$ 27,188,193</u>

The following schedule provides our estimate of the number of position equivalents represented by the Budget Department's estimate of turnover savings.

Approximate Position Equivalents Included in the Budget But Not Funded Due to Estimated Turnover Savings in 2003-2004	
Uniform Positions-Fire	12
Uniform Positions-Police	155
Civilian Positions	<u>226</u>
Total	<u>393</u>

Our analysis indicates that there are 19,590 budgeted positions included in the 2003-2004 Mayor's Proposed Budget but funding for only 19,197 positions (19,590 - 393).

In addition, we note there are 851 fewer budgeted positions (19,590 versus 20,441) in the 2003-2004 Mayor's Proposed Budget, as compared to the 2002-2003 Budget.